

Registration number: 1382145

Newship Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2022

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Newship Group Limited

Contents

Company Information	1
Strategic Report	2 to 4
Directors' Report	5 to 8
Statement of Directors' Responsibilities	9
Independent Auditor's Report	10 to 12
Consolidated Profit and Loss Account	13
Consolidated Statement of Comprehensive Income	14
Consolidated Balance Sheet	15
Balance Sheet	16
Consolidated Statement of Changes in Equity	17
Statement of Changes in Equity	18
Consolidated Statement of Cash Flows	19 to 20
Notes to the Financial Statements	21 to 48

Newship Group Limited

Company Information

Directors	R J Newman
	J W Newman
	A J Parker
	S E Leach
	N A Brice
Company secretary	A S Harrison
Registered office	Fernside Place
	179 Queens Road
	Weybridge
	Surrey
	KT13 0AH
Auditors	Haines Watts Kingston LLP
	Aissela
	46 High Street
	Esher
	Surrey KT10 9QY

Newship Group Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company is the provision of management services and deriving rental income from its various properties.

Fair review of the business

Group turnover for the year was £163.4 million, which was an increase of 5.7% compared to the previous year. The operating profit before interest charges was £22.7 million and, after interest charges of £0.5 million and other finance charges of £nil million, the profit before taxation was £22.2 million. After tax the profit amounted to £17.1 million.

Packaging Division - Beatson Clark Ltd

Turnover for the year ended 31 December 2022 was £75.1 million, an increase of 9.8% compared to the previous year. The profit before taxation amounted to £9.8 million (2021: £7.6 million).

The company performed well, despite the challenges management remain cautiously positive regarding the future prospects. Key to the company's future success is the ongoing significant investment in the Rotherham facility.

Pont Packaging

The Pont group of businesses generated turnover of £87.1 million, an increase of 4.6% compared to the previous year allowing for exchange variances.

Management continue to seek out and invest in profitable new projects and markets.

Lewis & Towers Ltd

Turnover for the year was £36.1 million, a small increase compared to last year which allowed the company to generate a small profit.

Johnsen & Jorgensen Ltd

Turnover for the year was £3.5 million and the company traded successfully in the year.

Building Division - Rollalong Ltd

Turnover for the year was £13.1 million, an increase compared to the previous year. The operating loss before taxation amounted to £0.7 million (2021: £0.4 million). Although a relatively quiet year in terms of construction, Rollalong has made great strides in product development and diversification into new markets, and management expects this to bear fruit in the coming years. Its range of high quality modular housing is gaining market share both within the social and private residential sectors, aided by Rollalong's market-leading reputation for quality and safety.

James Gibbons Format Ltd

Turnover for the year ended 31 December 2022 was £2.9 million. Trading conditions remained challenging, but careful cost management allowed the business to generate a small profit in the year.

The group's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2022	2021
Sales Value	£'000	163,396	154,530
Gross Profit	£'000	51,827	47,426
Inventory	£'000	29,123	25,310

Newship Group Limited

Strategic Report for the Year Ended 31 December 2022

Principal risks and uncertainties

The Board consider the following to be the principal risks and uncertainties facing the business.

Energy costs – prices are monitored on a daily basis and forward contracts negotiated where appropriate with key suppliers.

Pension funding – the group maintains four defined benefit pension schemes, all of which are now closed to new entrants. All of the schemes have been closed to future accrual. Fluctuations in financial markets can affect the value of assets in the schemes and may result in the need to increase contributions to the schemes, with a consequent reduction in operating cash flows available for future investment in the business.

Insurance – the group endeavours to maintain adequate insurance levels for all appropriate insurable risks.

Major disruption / disaster – business continuity planning is reviewed regularly.

Competitive risk – the group is exposed to competitive risk in the markets in which it operates. The group constantly monitors prices and undertakes regular market research to mitigate these risks.

Regulatory changes - the group monitors forthcoming and current legislation and ensures compliance.

Section 172(1) statement

The directors are constantly making decisions that impact the business and its stakeholders. Part of the process is the assessment of the probable impact that their decisions have for both the short and medium to long term and how they may affect the wider group of stakeholders. Choices are balanced to ensure the continued viability of not only the company as a whole but the individual elements that make up the whole.

Fundamental to the success of our businesses is the engagement of our employees and we are focusing our efforts on putting engagement at the heart of our strategy. We have invested in improving our organisational capabilities and hiring talent to ensure we fulfil our potential. We are also conscious of the diversity position across our employee base. We continue to develop the diversity of our team through our internal development and recruitment processes. We pay employees equally for equal roles. We remain committed to promoting apprenticeship schemes throughout the organisation, championing young talent and nurturing our experts of the future.

We strive to always act with integrity, transparency and professionalism. We look to do the right thing by our people, customers, suppliers and for our local communities to ensure our actions have a positive impact on society and the environment. Our sites are engaged in activities to take steps to support the local communities in which we operate. As an organisation, we hold ourselves to high ethical and business standards.

We strive to ensure that where we can we reduce our impact on both our neighbours and also the environment as a whole. We have tried where possible to concentrate our warehousing close to our production facility to reduce the movement of product and also the number of daily vehicle movements on the site and also the wider area.

We strive to achieve the highest standards in all aspects of the business. Our aim is to project a professional persona delivering above and beyond expectations.

We are committed to employment policies that provide and promote equal employment opportunities for all our employees and applicants, and to maintaining a workplace that ensures tolerance, respect and dignity for all staff. No employee, applicant, contractor or temporary worker should be treated less favourably, victimised or harassed on the grounds of disability, sex, marital or civil partnership status, race, nationality, colour, ethnicity, religion or similar philosophical belief, sexual orientation, age or any distinction other than merit.

Newship Group Limited

Strategic Report for the Year Ended 31 December 2022

We continually review our procedures and our actions to proactively improve the way we do business and interact with all our stakeholders. We remain committed to the ethos of treating others in the manner and a way we would wish to be treated ourselves.

Engagement with employees

Fundamental to the success of our businesses is the engagement of our employees and we are focusing our efforts on putting engagement at the heart of our strategy. We have invested in improving our organisational capabilities, hiring talent to ensure we fulfil our potential. We are also conscious of the diversity position across our employee base. We continue to develop the diversity of our team through our internal development and recruitment processes. We pay employees equally for equal roles. We remain committed to promoting apprenticeship schemes throughout the organisation, championing young talent and nurturing our experts of the future.

Engagement with suppliers, customers and other relationships

We strive to always act with integrity, transparency and professionalism. We look to do the right thing by our people, customers, suppliers and for our local communities to ensure our actions have a positive impact on society and the environment. Our sites are engaged in activities to take steps to support the local communities in which we operate. As an organisation, we hold ourselves to high ethical and business standards.

Approved and authorised by the Board on 29 March 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'A S Harrison', written over a dotted line.

A S Harrison
Company secretary

Newship Group Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the for the year ended 31 December 2022.

Directors of the group

The directors who held office during the year were as follows:

R J Newman

J W Newman

A J Parker

J D Clarkson (resigned 25 November 2022)

S E Leach

N A Brice

Dividends

The Board do not recommend payment of a dividend for the current year. The continuing uncertainty around macroeconomic conditions, combined with the volatility of some of the markets in which the group operates, means that the group needs to continue to invest in the businesses to both protect and assist in their future development.

Objectives and policies

Financial risk management objectives and policies

Financial risk - the group uses vanilla financial instruments to help manage liquidity, foreign currency and working capital risks. These include overdrafts, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and currency risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk - the group finances its operation through a mixture of retained profits, bank overdrafts and borrowing from group companies. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity risk - the group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably. Short term flexibility is achieved by overdraft facilities. Debt is structured so repayments can be made out of cash generated through operations.

Currency risk - the group is exposed to transaction foreign exchange risk. These exposures, including those associated with forecast transactions, are hedged when known using forward currency contracts. Whilst the aim is to achieve an economic hedge the group does not adopt an accounting policy of hedge accounting for these financial statements.

Employment of disabled persons

The group gives equal opportunities to disabled persons wherever possible both in recruitment and career development.

Newship Group Limited

Directors' Report for the Year Ended 31 December 2022

Employee involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group.

The directors recognise the importance of employee involvement throughout the group which is fostered by the development of communications through the normal group reporting procedures.

Future developments

Packaging

The difficult global economic situation is expected to continue to present challenges and opportunities for all of the packaging division companies in 2023. The key to future success for the division lies in its ongoing commitment to product innovation. However the timing of orders remains unpredictable.

Building

Rollalong Ltd looks forward to 2023 with a number of interesting opportunities. James Gibbons Format Ltd remains committed to growth in both its UK and its export markets.

Research and development

The group places a strong emphasis on research and development which is needed to expand the scope of the products and manufacturing facilities and techniques required to meet the changing demands of the customers and the markets which it serves.

Environmental matters

Streamlined energy and carbon reporting (SECR)

Under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, together with the accompanying government guidance 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019', the group is required to report on its energy consumption.

The SECR disclosure represents the group carbon footprint within the UK across scope 1 and 2 emissions along with a relative intensity ratio.

Intensity ratio measurement

In accordance with the legislation an intensity ratio has been calculated which expresses the company's annual emissions in relation to a quantifiable factor or normaliser. The ratio chosen is tonnes of CO₂e per £m of turnover.

Greenhouse gas emissions and energy consumption

	2022	2021
Energy consumption (used to calculate emissions) in KWh	248,401,752	252,047,819
Scope 1 – Direct emissions from sources under our Control including fuel for furnaces, boilers and transport tCO ₂ e	49,608	49,690
Scope 2 – indirect emissions from purchased electricity tCO ₂ e	8,216	8,957
Intensity ratio: tonnes CO ₂ e per £1m turnover	353.90	379.50

Newship Group Limited

Directors' Report for the Year Ended 31 December 2022

Energy efficiency action summary

Newship Group Limited continues to achieve direct savings in energy and associated carbon emissions through operational and technological improvements including the following across all group companies:

- Reduction in commuting and business travel (some hybrid working / video conferencing)
- Energy efficiency via LED light installations including motion sensors
- Procurement of green energy
- Transition to hybrid, plug-in hybrid and electric vehicle fleet
- Ongoing educational awareness and training

Beatson Clark Limited

- All CAPEX decisions made with energy efficiency in mind
- 96% of site waste is recycled
- Product is 100% infinitely recyclable
- Over 75% of Beatson's post-consumer recycled glass (cullet) is generated by an onsite recycling plant, processing 42,000 tonnes of used glass per annum
- Including the recycling of its own internally generated glass waste, Beatson's recycled content amounts to more than 60% of total production
- Raw materials (sand, soda ash and limestone) are all locally sourced
- New designs favour lightweight products wherever possible

Other group companies

- Route planning software to optimise customer deliveries
- Filtered water units throughout to discourage use of plastic bottles
- Exploring the introduction of PV panels to generate on-site energy
- Exploring the rollout of electric forklift trucks
- Installation of EV chargers for employees, suppliers and customers
- Refurbishment of older factory roof to include modern insulation, reducing the space heating load on the building

Directors' liabilities

Internal control and risk assessment

The directors have responsibility for the systems of internal control and risk management. These processes are designed to manage rather than eliminate risk of failure to achieve the group's objectives. The company utilises the group's operating procedures including a comprehensive system for reporting financial and non-financial information to the directors. This includes management accounts, business plans and budgets. Regular meetings are held by the directors which include focusing on any new risks.

Newship Group Limited

Directors' Report for the Year Ended 31 December 2022

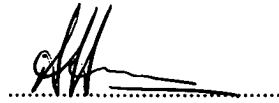
Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Haines Watts Kingston LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised by the Board on 29 March 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'A S Harrison', written over a horizontal dotted line.

A S Harrison
Company secretary

Newship Group Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Newship Group Limited

Independent Auditor's Report to the Members of Newship Group Limited

Opinion

We have audited the financial statements of Newship Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, company Balance Sheet, Consolidated Statement of Changes in Equity, company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Newship Group Limited

Independent Auditor's Report to the Members of Newship Group Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

Newship Group Limited

Independent Auditor's Report to the Members of Newship Group Limited

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation.

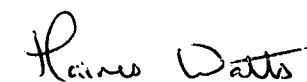
Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Hodgett BA (Hons) FCA (Senior Statutory Auditor)
For and on behalf of Haines Watts Kingston LLP, Statutory Auditor

Aissela
46 High Street
Esher
Surrey
KT10 9QY

29 March 2023

Newship Group Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	3	163,396	154,530
Cost of sales		<u>(111,569)</u>	<u>(107,104)</u>
Gross profit		51,827	47,426
Distribution costs		(19,530)	(20,169)
Administrative expenses		(14,334)	(12,178)
Other operating income		<u>4,838</u>	<u>135</u>
Operating profit	4	<u>22,801</u>	<u>15,214</u>
Interest payable on defined benefit pension scheme		-	(136)
Other interest receivable and similar income	6	26	61
Interest payable and similar expenses	7	<u>(501)</u>	<u>(372)</u>
		<u>(475)</u>	<u>(447)</u>
Profit before taxation		22,326	14,767
Taxation	11	<u>(5,260)</u>	<u>(3,662)</u>
Profit after taxation and profit for the financial year		<u>17,066</u>	<u>11,105</u>
Profit attributable to:			
Owners of the company		17,052	11,096
Minority interests		<u>14</u>	<u>9</u>
		<u>17,066</u>	<u>11,105</u>

The notes on pages 21 to 48 form an integral part of these financial statements.

Newship Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 £ 000	2021 £ 000
Profit for the year	17,066	11,105
Foreign currency translation (losses)/gains	715	(762)
Actuarial gain/(loss) on defined benefit pension scheme	(1,304)	7,597
	(589)	6,835
Total comprehensive income for the year	16,477	17,940
Total comprehensive income attributable to:		
Owners of the company	16,464	17,924
Minority interests	13	16
	16,477	17,940

The notes on pages 21 to 48 form an integral part of these financial statements.

Newship Group Limited

(Registration number: 1382145)

Consolidated Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Tangible assets	12	46,196	48,036
Investment property	13	<u>1,044</u>	<u>1,044</u>
		<u>47,240</u>	<u>49,080</u>
Current assets			
Stocks	15	29,123	25,310
Debtors	16	41,820	26,728
Cash at bank and in hand	17	<u>27,219</u>	<u>25,792</u>
		98,162	77,830
Creditors: Amounts falling due within one year	18	<u>(32,963)</u>	<u>(30,875)</u>
Net current assets		<u>65,199</u>	<u>46,955</u>
Total assets less current liabilities		112,439	96,035
Creditors: Amounts falling due after more than one year	18	(15,084)	(15,213)
Provisions for liabilities	19	<u>(999)</u>	<u>(943)</u>
Net assets		<u>96,356</u>	<u>79,879</u>
Capital and reserves			
Called up share capital	21	-	-
Fair value reserve	22	2,213	2,213
Profit and loss account	22	<u>94,059</u>	<u>77,595</u>
Equity attributable to owners of the company		96,272	79,808
Minority interests		<u>84</u>	<u>71</u>
Total equity		<u>96,356</u>	<u>79,879</u>

Approved and authorised by the Board on 29 March 2023 and signed on its behalf by:



R J Newman
Director

The notes on pages 21 to 48 form an integral part of these financial statements.

Newship Group Limited

(Registration number: 1382145)

Company Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Tangible assets	12	3,042	3,091
Investments	14	<u>7,605</u>	<u>7,605</u>
		<u>10,647</u>	<u>10,696</u>
Current assets			
Debtors	16	3,484	3,707
Cash at bank and in hand	17	<u>439</u>	<u>141</u>
		3,923	3,848
Creditors: Amounts falling due within one year	18	<u>(864)</u>	<u>(834)</u>
Net current assets		<u>3,059</u>	<u>3,014</u>
Total assets less current liabilities		13,706	13,710
Creditors: Amounts falling due after more than one year	18	(11,564)	(11,564)
Provisions for liabilities		<u>(278)</u>	<u>(278)</u>
Net assets		<u>1,864</u>	<u>1,868</u>
Capital and reserves			
Called up share capital	21	-	-
Revaluation reserve		1,725	1,725
Profit and loss account		<u>139</u>	<u>143</u>
Total equity		<u>1,864</u>	<u>1,868</u>

The company's loss and total comprehensive income for the year was £24,000 (2020: £163,000 profit).

Approved and authorised by the Board on 29 March 2023 and signed on its behalf by:



R J Newman
Director

The notes on pages 21 to 48 form an integral part of these financial statements.

Newship Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022 Equity attributable to the parent company

	Revaluation reserve £ 000	Profit and loss account £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 January 2021	2,213	59,671	61,884	55	61,939
Profit for the year	-	11,096	11,096	9	11,105
Other comprehensive income	-	6,828	6,828	7	6,835
Total comprehensive income	-	17,924	17,924	16	17,940
At 31 December 2021	2,213	77,595	79,808	71	79,879
	Fair value reserve £ 000	Profit and loss account £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 January 2022	2,213	77,595	79,808	71	79,879
Profit for the year	-	17,052	17,052	14	17,066
Other comprehensive income	-	(588)	(588)	(1)	(589)
Total comprehensive income	-	16,464	16,464	13	16,477
At 31 December 2022	2,213	94,059	96,272	84	96,356

The notes on pages 21 to 48 form an integral part of these financial statements.

Newship Group Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2022

	Fair value reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	1,725	167	1,892
Loss for the year	-	(24)	(24)
Total comprehensive income	-	(24)	(24)
At 31 December 2021	1,725	143	1,868
	Fair value reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	1,725	143	1,868
Loss for the year	-	(4)	(4)
Total comprehensive income	-	(4)	(4)
At 31 December 2022	1,725	139	1,864

The notes on pages 21 to 48 form an integral part of these financial statements.

Newship Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Cash flows from operating activities			
Profit for the year	4	17,066	11,105
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		7,835	7,439
Loss/(profit) on disposal of tangible fixed assets		10	9
Defined benefit pension schemes		-	136
Interest received	6	(26)	(61)
Interest payable	7	501	372
Corporation tax expense	11	5,260	3,662
Foreign exchange losses		-	-
		<u>30,646</u>	<u>22,662</u>
Working capital adjustments			
Increase /(Decrease) in stocks	15	(3,813)	(4,649)
(Increase) in debtors	16	(15,052)	(1,729)
(Decrease) in creditors	18	1,070	(355)
Decrease in deferred income, including government grants		(167)	(167)
Cash generated from operations		<u>12,684</u>	<u>15,762</u>
Income taxes paid	11	(5,123)	(3,303)
		<u>7,561</u>	<u>12,459</u>
Cash flows from investing activities			
Interest received	6	26	61
Acquisitions of tangible assets		(5,707)	(4,966)
Acquisition of investment property		-	(1,044)
Proceeds from sale of tangible assets		19	19
Net cash flows from investing activities		<u>(5,688)</u>	<u>(5,930)</u>
Cash flows from financing activities			
Interest paid	7	(154)	(161)
Interest on preference shares		(347)	(347)
Repayment of borrowings		(44)	(1,297)
Net cash used in financing activities		<u>(545)</u>	<u>(1,805)</u>
Net Increase in cash and cash equivalents		1,328	4,724

The notes on pages 21 to 48 form an integral part of these financial statements.

Newship Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Net increase in cash and cash equivalents		1,328	4,724
Cash and bank overdrafts at 1 January		25,792	21,257
Effect of foreign exchange rates		99	(189)
Cash and bank overdrafts at 31 December	16	27,219	25,792
Relating to:-			
Bank balances and short term deposits included in 'Cash at bank and in hand'		27,219	25,792
	16	27,219	25,792
Reconciliation of net cash flow to movement in net debt			
		2022 £ 000	2021 £ 000
Increase in cash		1,328	4,724
Cash outflows from repayment of loans		17	1,212
Change in net debt resulting from cash flows		1,345	5,897
Exchange differences		38	(103)
Movement in net debt		1,383	5,833
Net cash at 1 January		10,802	4,969
Net cash at 31 December	24	12,185	10,802

The notes on pages 21 to 48 form an integral part of these financial statements.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private limited company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office and principal place of business is:

Fernside Place
179 Queens Road
Weybridge
Surrey
KT13 0AH
United Kingdom

These financial statements were authorised for issue by the Board on 29 March 2023.

The principal activity of the company is that of a holding company. The activities of the subsidiary companies are building and packaging products.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Summary of disclosure exemptions - Company

The company has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include investment properties and certain financial instruments at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2022.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders share of changes in equity since the date of the combination.

Company statement of comprehensive income

As permitted by s408 Companies Act, the company has not presented its own statement of comprehensive income. The company's loss and total comprehensive income for the year were £4,000 (2021: £24,000 profit) and £4,000 (2021: £24,000), respectively.

Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Long term contracts

The group undertakes long term contracts which extend over reporting dates. The group makes estimates and assumptions as to the stage of completion of each contract. The contract is separated into clearly identifiable elements, usually on a building by building basis. Each individual element is measured and estimates of the stage of completion are calculated based on known costs and time to complete the project.

Valuation of investment properties

The key accounting estimate in preparing these financial statements relates to the carrying value of the property which is stated at fair value. The company uses reports provided by Chartered Surveyors employed by the group's in-house management company as a basis for determining the directors' estimation of the fair value of the properties. However, the valuation of the company's property is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Pension scheme

Significant impacts arise within the financial statements as a result of the changes in the assumptions in respect of the valuation of the pension schemes. In order to obtain a fair valuation, the directors take advice from external actuaries as to the assumptions to be used taking account of market data and conditions at the year end. The approximate sensitivity of the liabilities to some of the key assumptions are:

Discount rate

The effect of reducing the discount rate by 0.25% per annum would be to increase the liabilities by around £2,850,000.

Price inflation

The effect of increasing the price inflation assumption by 0.25% per annum would be to increase the liabilities by around £1,238,000.

Mortality

The effect of increasing the assumed life expectancy by 1 year would be to increase the liabilities by around £4,443,000.

Deferred taxation

Deferred tax assets and liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the group as lessee, or the lessee, where the group is a lessor.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the group's activities.

Contract revenue recognition

Long term contracts

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

Costs associated with long-term contracts are included in stock or amounts recoverable on contracts to the extent that they cannot be matched with contract work accounted for as turnover. Long-term contract balances included in stocks are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

The financial statements of overseas subsidiary undertakings are translated at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises. Tax charges and credits attributable to exchange difference on the net investment in these enterprises. Tax charges and credits attributable to exchange differences on those borrowings are also taken to reserves.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than assets under construction over their estimated useful lives, as follows:

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Asset class	Depreciation method and rate
Freehold buildings	Straight line over 20 to 50 years
Leasehold property	Straight line over period of the lease
Fixtures and fittings	Straight line over 10 years
Plant and machinery	Straight line over 2 to 25 years on cost according to asset type

The group as lessee - operating leases

All leases are operating leases and annual rents are charged to profit and loss on a straight line basis over the lease term.

The group as lessor - operating leases

Rental income from assets leased under operating leases is recognised on a straight line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight line basis over the lease term.

Investment property

Investment property is initially held at cost and subsequently measured at fair value through profit and loss. The investment property comprises long leasehold and freehold land and buildings. The fair value of the property has been arrived at on the basis of the returns generated by the property.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired entity, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Investments

Company

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

Recognition and measurement

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as an interest expense in the profit and loss account.

Financial assets

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Financial liabilities and equity

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar expenses.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Preference share capital is classified as a liability as it is redeemable on a specific date or at the option of the shareholders and as the dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Defined benefit pension obligation

The group has four defined benefit schemes, all of which are closed to future accrual.

Net interest on the net defined benefit liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations. The net interest is recognised in the profit and loss account.

Gains and losses arising from changes in actuarial assumptions and the difference between the interest income on the plan assets and the return on the plan assets are recognised in other comprehensive income.

The defined benefit schemes are funded, with the assets held separately from the group in separate trustee-administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected credit unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency, for three of the four group schemes, the fourth scheme assets and liabilities are measured based on an estimate made by management. This estimate is based on the triennial funding assessments performed by a qualified actuary for the benefit of the trustees of the scheme and takes into account actual performance experience of the other defined benefit pension schemes operated by the wider Newship group. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability and as asset recognised where the group has a right to recover monies from the scheme.

3 Turnover

The analysis of the group's turnover for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Sale of goods	150,322	142,448
Rendering of services	12,818	11,826
Rental income	256	256
	<u>163,396</u>	<u>154,530</u>

Total contract revenue recognised in the year, and included within Rendering of services, was £12,818,000 (2021: £11,826,000).

The analysis of the group's turnover for the year by class of business is as follows:

	2022 £ 000	2021 £ 000
Packaging	147,666	139,883
Building	15,474	14,391
Rental	256	256
	<u>163,396</u>	<u>154,530</u>

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

The analysis of the group's turnover for the year by market is as follows:

	2022 £ 000	2021 £ 000
UK	88,635	85,019
Europe	72,182	66,032
Rest of world	2,579	3,479
	<u>163,396</u>	<u>154,530</u>

4 Operating profit

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Depreciation expense	7,835	7,439
Research and development cost	89	110
Foreign exchange losses/(gains)	58	(103)
Operating lease expense - property	1,561	1,054
Operating lease expense - plant and machinery	681	528
Loss on disposal of property, plant and equipment	<u>10</u>	<u>5</u>

5 Government grants

The group has benefited from the receipt of capital investment grants.

Grant income is the unwinding of a regional development grant received by the group towards the rebuilding of one of the furnaces. The income is being recognised over the life of the furnace.

The amount of grants recognised in the financial statements was £167,000 (2021 - £167,000).

6 Other interest receivable and similar income

	2022 £ 000	2021 £ 000
Interest income on bank deposits	26	-
Other finance income	<u>-</u>	<u>61</u>
	<u>26</u>	<u>61</u>

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

7 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest on bank overdrafts and borrowings	154	25
Interest on preference shares	347	347
	<u>501</u>	<u>372</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

Group

	2022 £ 000	2021 £ 000
Wages and salaries	26,192	25,168
Social security costs	3,686	3,458
Pension costs, defined contribution scheme	1,967	2,079
Redundancy costs	29	-
	<u>31,874</u>	<u>30,705</u>

Company

	2022 £ 000	2021 £ 000
Wages and salaries	1,585	1,334
Social security costs	226	188
Pension costs, defined contribution scheme	104	62
	<u>1,915</u>	<u>1,584</u>

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

Group

	2022 No.	2021 No.
Production	396	372
Administration and support	82	61
Sales, marketing and distribution	134	153
	<u>612</u>	<u>586</u>

Company

	2022 No.	2021 No.
Administration and support	11	10

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	1,085	800
Contributions paid to money purchase schemes	-	21
	<u>1,085</u>	<u>821</u>

Employers national insurance paid on the above remuneration was £145,000 (2021: £107,000).

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	360	291

10 Auditors' remuneration

	2022 £ 000	2021 £ 000
Payable to auditors of consolidation and UK subsidiaries	109	120

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

11 Taxation

Tax charged/(credited) in the income statement

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	3,155	1,821
UK corporation tax adjustment to prior periods	(144)	(91)
	3,011	1,730
Foreign tax	1,887	1,659
Total current income tax	4,898	3,389
Deferred taxation		
Relating to defined benefit pension scheme	306	288
Movement in deferred tax provision	56	(15)
Total deferred taxation	362	273
Tax expense in the income statement	5,260	3,662

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	22,326	14,767
Corporation tax at standard rate	4,242	2,806
Effect of expense not deductible in determining taxable profit (tax loss)	77	66
Effect of foreign tax rates	484	560
Increase/(decrease) from effect of tax incentives	56	(15)
Tax increase from effect of capital allowances and depreciation	354	306
Tax decrease from effect of adjustment in research and development tax credit	-	(51)
Other tax effects for reconciliation between accounting profit and tax expense (income)	47	(10)
Total tax charge	5,260	3,662

Under Finance Act 2021, which was substantively enacted on 24 May 2021, it was announced that the main rate of corporation tax would increase to 25% from 1 April 2023.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000
2022		
Tax on fair value property plant and equipment	-	661
Tax losses carried forward	69	-
Difference between depreciation and capital allowances	-	407
	<u>69</u>	<u>1,068</u>

	Asset £ 000	Liability £ 000
2021		
Tax on fair value property plant and equipment	-	661
Tax losses carried forward	69	-
Difference between depreciation and capital allowances	-	351
	<u>69</u>	<u>1,012</u>

Company

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000
2022		
Revaluation of property, plant and equipment	-	278
	<u>-</u>	<u>278</u>

	Asset £ 000	Liability £ 000
2021		
Revaluation of property, plant and equipment	-	278
	<u>-</u>	<u>278</u>

Under Finance Act 2021, which was substantively enacted on 24 May 2021, it was announced that the main rate of corporation tax would increase to 25% from 1 April 2023.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

12 Tangible assets

Group

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost				
At 1 January 2022	33,513	220	31,481	65,214
Foreign exchange movements	339	-	630	969
Additions	3	2	5,702	5,707
Disposals	(20)	(186)	(2,868)	(3,074)
At 31 December 2022	<u>33,835</u>	<u>36</u>	<u>34,945</u>	<u>68,816</u>
Depreciation				
At 1 January 2022	4,557	205	12,416	17,178
Foreign exchange movements	80	-	572	652
Charge for the year	805	4	7,026	7,835
Eliminated on disposal	(6)	(186)	(2,853)	(3,045)
At 31 December 2022	<u>5,436</u>	<u>23</u>	<u>17,161</u>	<u>22,620</u>
Carrying amount				
At 31 December 2022	<u>28,399</u>	<u>13</u>	<u>17,784</u>	<u>46,196</u>
At 31 December 2021	<u>28,956</u>	<u>15</u>	<u>19,065</u>	<u>48,036</u>

Included within the net book value of land and buildings above is £28,052,000 (2021: £28,609,000) in respect of freehold land and buildings and £347,000 (2021: £347,000) in respect of long leasehold land and buildings.

Fixtures and fittings, relating to leasehold improvements, held in a subsidiary company, which relate to freehold land and buildings held within the group have been transferred to land and buildings.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Company

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost			
At 1 January 2022	3,392	220	3,612
Additions	-	2	2
Disposals	-	(186)	(186)
At 31 December 2022	<u>3,392</u>	<u>36</u>	<u>3,428</u>
Depreciation			
At 1 January 2022	316	205	521
Charge for the year	47	4	51
Eliminated on disposal	-	(186)	(186)
At 31 December 2022	<u>363</u>	<u>23</u>	<u>386</u>
Carrying amount			
At 31 December 2022	<u>3,029</u>	<u>13</u>	<u>3,042</u>
At 31 December 2021	<u>3,076</u>	<u>15</u>	<u>3,091</u>

13 Investment properties

Group

	2022 £ 000
At 1 January	<u>1,044</u>
At 31 December	<u>1,044</u>

There has been no valuation of investment property by an independent valuer.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

14 Investments

Company

	2022 £ 000	2021 £ 000
Investments in subsidiaries	7,605	7,605
Subsidiaries		£ 000
Cost		
At 1 January 2022		7,605
Carrying amount		
At 31 December 2022		7,605
At 31 December 2021		7,605

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Newship Ltd	England and Wales	Ordinary	99.92%	99.92%

Subsidiary undertakings

Newship Ltd

The principal activity of Newship Ltd is a holding company.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Newship Limited is the parent company and owns 100% of the ordinary share capital of the following companies, either directly or indirectly:

Beatson Clark Ltd, a company registered in England and Wales and whose principal activity is the manufacture and distribution of hollow glass containers.

Lewis & Towers Ltd, a company registered in England and Wales and whose principal activity is the manufacture and distribution of hollow glass containers.

Rollalong Holdings Ltd, a company registered in England and Wales and whose principal activity is that of an intermediate holding company.

Rollalong Ltd, a company registered in England and Wales and whose principal activity is the manufacture and installation of permanent modular buildings.

Rollalong Properties Ltd, a company registered in England and Wales and is a dormant company.

Pont Packaging BV, a company registered in the Netherlands and whose principal activity is the manufacture and distribution of packaging solutions.

Pont Packaging GmbH, a company registered in Germany and whose principal activity is the distribution of packaging.

Pont Emballage SAS, a company registered in France and whose principal activity is the distribution of packaging.

Pont Packaging Ltd, a company registered in England and Wales and whose principal activity is the distribution of packaging.

Johnsen & Jorgensen Ltd, a company registered in England and Wales and whose principal activity is the operation of a recycling facility.

Pont Europe Ltd, a company registered in England and Wales and is an intermediate holding company.

James Gibbons Format Ltd, a company registered in England and Wales and whose principal activity is the manufacture and distribution of architectural ironmongery.

Beatson Clark (Trustees) Ltd, a company registered in England and Wales and is a dormant company.

Newship Industries Ltd, a company registered in England and Wales and whose principal activity is that of an intermediate holding company.

Newship Investments Ltd, a company registered in England and Wales and is a dormant company.

Newship Distribution Ltd, a company registered in England and Wales and is a dormant company.

Registered and operating addresses along with telephone numbers are shown on the group website: www.newship.co.uk.

Dormant companies above are exempt from audit.

15 Stocks

	Group		Company	
	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Raw materials and consumables	2,294	1,319	-	-
Work in progress	3,517	611	-	-
Finished goods and goods for resale	23,312	23,380	-	-
	<u>29,123</u>	<u>25,310</u>	<u>-</u>	<u>-</u>

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

16 Debtors

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Trade debtors	21,378	15,963	186	198
Amounts recoverable on contracts	1,739	919	-	-
Amounts owed by related parties	-	-	2,768	2,956
Other debtors	13,415	5,396	379	525
Prepayments	4,961	4,163	151	28
Corporation tax	327	287	-	-
	<u>41,820</u>	<u>26,728</u>	<u>3,484</u>	<u>3,707</u>

17 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Cash at bank	<u>27,219</u>	<u>25,792</u>	<u>439</u>	<u>141</u>

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

18 Creditors

		Group		Company	
	Note	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Due within one year					
Bank loans and overdrafts	23	89	84	-	-
Trade creditors		14,342	13,684	175	158
Corporation tax		2,693	2,603	88	91
Social security and other taxes		3,312	2,673	135	128
Other payables		1,623	2,031	53	51
Accruals and deferred income		10,904	9,800	413	406
		<u>32,963</u>	<u>30,875</u>	<u>864</u>	<u>834</u>
Due after one year					
Bank and other loans	23	3,381	3,343	-	-
Deferred income		139	306	-	-
Preference shares	23	11,564	11,564	11,564	11,564
		<u>15,084</u>	<u>15,213</u>	<u>11,564</u>	<u>11,564</u>
		Group		Company	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000

Included in bank and other loans are:

Amounts repayable other than by instalments
falling due after five years

	<u>2,388</u>	<u>2,319</u>	<u>-</u>	<u>-</u>
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The bank overdrafts are secured by a fixed and floating charge over the assets of the group.

The bank loans are secured on land and buildings pertaining to the particular facility and a floating charge over the relevant assets of the group. The loan matures on 30 November 2056.

Bank overdrafts are annual facilities, subject to review at 31 May 2023 and are repayable on demand. The average interest rate on bank overdrafts was 4.00% (2021: 3.00%), based on Bank of England Base rate plus 2.5%.

Other loans are unsecured and are subject to an interest charge of Bank of England Base plus 3.00%.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

19 Deferred tax and other provisions

Group

	Deferred tax £ 000	Total £ 000
At 1 January 2022	943	943
Increase (decrease) in existing provisions	56	56
At 31 December 2022	999	999

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £1,967,000 (2021 - £2,079,000).

Defined benefit pension schemes

Defined benefit pension schemes - group

The group operates four defined benefit pension schemes in the UK. The full actuarial valuations were carried out in accordance with scheme requirements.

The fourth scheme has shown a surplus under the current reporting standards for more than five years. Under the standards the surplus is not disclosable on the balance sheet. The valuation of this scheme has not been updated, however the directors have taken necessary steps to satisfy themselves that if the scheme valuation was updated it would still show a surplus.

Based on the performance of the other three schemes which have had their valuations updated, it is considered fair to assume that the fourth scheme would remain in surplus.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022 £ 000	2021 £ 000
Fair value of scheme assets	123,451	150,870
Present value of defined benefit obligation	(96,509)	(133,872)
	26,942	16,998
Other amounts not recognised in the balance sheet	(26,942)	(16,998)
Defined benefit pension scheme surplus/(deficit)	-	-

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2022
	£ 000
Present value at start of year	133,872
Interest cost	2,544
Actuarial gains and losses	(32,952)
Benefits paid	<u>(6,955)</u>
Present value at end of year	<u><u>96,509</u></u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2022
	£ 000
Fair value at start of year	150,870
Interest income	2,544
Actuarial gains and losses	(24,618)
Employer contributions	1,610
Benefits paid	<u>(6,955)</u>
Fair value at end of year	<u><u>123,451</u></u>

Analysis of assets

The major categories of scheme assets are as follows:

	2022	2021
	£ 000	£ 000
Cash and cash equivalents	1,566	1,912
Equity instruments	51,588	80,797
Debt instruments	69,494	65,751
Property	<u>803</u>	<u>2,410</u>
	<u><u>123,451</u></u>	<u><u>150,870</u></u>

Return on scheme assets

	2022	2021
	£ 000	£ 000
Return on scheme assets	<u>(22,074)</u>	<u>14,630</u>

The pension scheme has not invested in any of the group's own financial instruments or in properties or other assets used by the group.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	2022	2021
	%	%
Discount rate	5.00	1.95
Future salary increases	3.00	3.30
Inflation	2.00	3.30

Post retirement mortality assumptions

	2022	2021
	Years	Years
Current UK pensioners at retirement age - male	21.00	21.00
Future UK pensioners at retirement age - male	21.00	21.00

21 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
488 Ordinary shares of £1 each	-	-	-	-
11,563,653 3% Preference shares of £1 each	11,564	11,564	11,564	11,564
	11,564	11,564	11,564	11,564

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The company's ordinary shares, which carry no right to a fixed income, each carry the right to one vote at general meetings of the company.

Preference shares have the following rights, preferences and restrictions:

The preference shares are classified as liabilities. The holder is entitled to a fixed dividend based on the nominal value of each share and the right to vote at general meetings of the company.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

22 Reserves

Group

Fair value reserve

Cumulative impact of fair value adjustments to Property, Plant and Equipment.

Profit and loss account

The profit and loss account is made up of retained profits of the group.

Company

Fair value reserve

Cumulative impact of fair value adjustments to Land and Buildings.

Profit and loss

The profit and loss account is made up of retained profits of the company.

23 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Current loans and borrowings				
Bank borrowings	89	84	-	-

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Non-current loans and borrowings				
Bank borrowings	992	1,024	-	-
Redeemable preference shares	11,564	11,564	11,564	11,564
Other borrowings	2,389	2,319	-	-
	<u>14,945</u>	<u>14,907</u>	<u>11,564</u>	<u>11,564</u>

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Borrowings are denominated and repaid in pounds sterling and have the following contractual interest rates: Bank of England Base plus 3% and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Overseas borrowings have been converted to pounds sterling and have the following contractual interest rates: Fixed rates between 2.95 - 4.89% EURIBOR plus 2.15 - 2.40%. The loan matures on 30 November 2056.

Bank borrowings of £1,081,000 (2021: £1,108,000) are secured against the land and buildings of the group (as detailed in note 12).

Preference shares carry a 3.00% fixed dividend based on the nominal value of each share.

24 Analysis of net debt

	At 1 January 2022	Cash Flow	Exchange movement	At 31 December 2022
	£'000	£'000	£'000	£'000
Cash at bank and in hand	25,792	1,328	99	27,219
Bank overdraft	-	-	-	-
	<u>25,792</u>	<u>1,328</u>	<u>99</u>	<u>27,219</u>
Debt due within one year	(84)	-	(5)	(89)
Debt due in more than one year	(14,906)	17	(56)	(14,945)
Net debt	<u>10,802</u>	<u>1,345</u>	<u>38</u>	<u>12,185</u>

25 Obligations under leases

Group

Operating leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	281	321
Later than one year and not later than five years	<u>92</u>	<u>272</u>
	<u>373</u>	<u>593</u>

The group receives rental income under non-cancellable contracts. The current contracts are due to expire in June and December 2023.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	88	378
Later than one year and not later than five years	165	154
	<u>253</u>	<u>532</u>

Total contingent rents recognised as income in the period are £Nil (2021 - £Nil).

Company

Operating leases - lessor

The total of future minimum lease payments is as follows:

Amounts receivable

	2022 £ 000	2021 £ 000
Not later than one year	170	170
Later than one year and not later than five years	-	170
	<u>170</u>	<u>340</u>

Total contingent rents recognised as income in the period are £170,000 (2021 : £170,000).

26 Commitments

Group

Capital commitments

The group is committed to make capital purchases in respect of additional manufacturing facilities and plant and machinery.

The total amount contracted for but not provided in the financial statements was £946,000 (2021 : £5,655,000).

Other financial commitments

Currency forwards

The group enters into forward foreign currency contracts for the purchase of known currency positions. At the balance sheet date the fair value of these contracts is not materially different from cost.

27 Parent and ultimate parent undertaking

These financial statements are available upon request from the registered office. These financial statements are those of the ultimate parent undertaking.

The ultimate controlling party is J W Newman.

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

28 Related party transactions

Group

Income and receivables from related parties

	Entities with joint control or significant influence £ 000
2022	
Sale of goods	14
Personnel costs	320
	<u>334</u>
Amounts receivable from related party	<u>9</u>

	Entities with joint control or significant influence £ 000
2021	
Sale of goods	221
Personnel costs	319
	<u>540</u>
Amounts receivable from related party	<u>2</u>

Expenditure with and payables to related parties

	Entities with joint control or significant influence £ 000
2022	
Purchase of goods	38
Rendering of services	320
Leases	406
	<u>764</u>
Amounts payable to related party	<u>21</u>

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

	Entities with joint control or significant influence £ 000
2021	
Purchase of goods	480
Rendering of services	181
	<u>661</u>
Amounts payable to related party	<u>33</u>

The total net amount due to related parties at the balance sheet date is £21,000 (2021: £57,000). This amount is included in trade creditors and amounts due to related parties at the year end.

During the year the group and company paid a dividend of £348,000 (2021: £348,000) on the 3% preference shares to a director of the company.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash.

Company

Income and receivables from related parties

	Entities with joint control or significant influence £ 000
2022	
Personnel recharges	2,267
Leases	335
Interest on loan	378
	<u>2,980</u>
	<u>3,041</u>
	Entities with joint control or significant influence £ 000
2021	
Personnel recharges	2,289
Leases	374
Interest on loan	378
	<u>3,041</u>

The total net amount due from related parties at the balance sheet date is £2,768,000 (2021: £2,919,000). This amount is included in amounts owed by related parties and trade debtors at the year end.

Expenditure with and payables to related parties

Newship Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

	Entities with joint control or significant influence £ 000
2022	
Personnel recharges	<u>320</u>
	Entities with joint control or significant influence £ 000
2021	
Personnel recharges	<u>182</u>

At the year end a total net amount of £nil (2021: £24,000) was due to related parties. These balances are included within trade creditors and amounts due to related parties.